

COMMODITIES		ASIAN MARKETS		CURRENCIES							
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
1.16%	0.16%	\$1,334.30 (per ounce)	\$90.09 (per barrel)	18,327.76	10,237.92	3,179.72	2,790.69	72.20	96.43	112.69	0.86
7,484.22	13,873.01							BUY TK	73.20	101.63	117.94
								SELL TK			0.94



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DHAKA TUESDAY FEBRUARY 1, 2011, e-mail: business@thedailystar.net

Non-banks drift away from core

SAJJADUR RAHMAN

Non-bank financial institutions (NBFIs) have logged huge profits from the booming stockmarket in step with banks, meandering away from their core business.

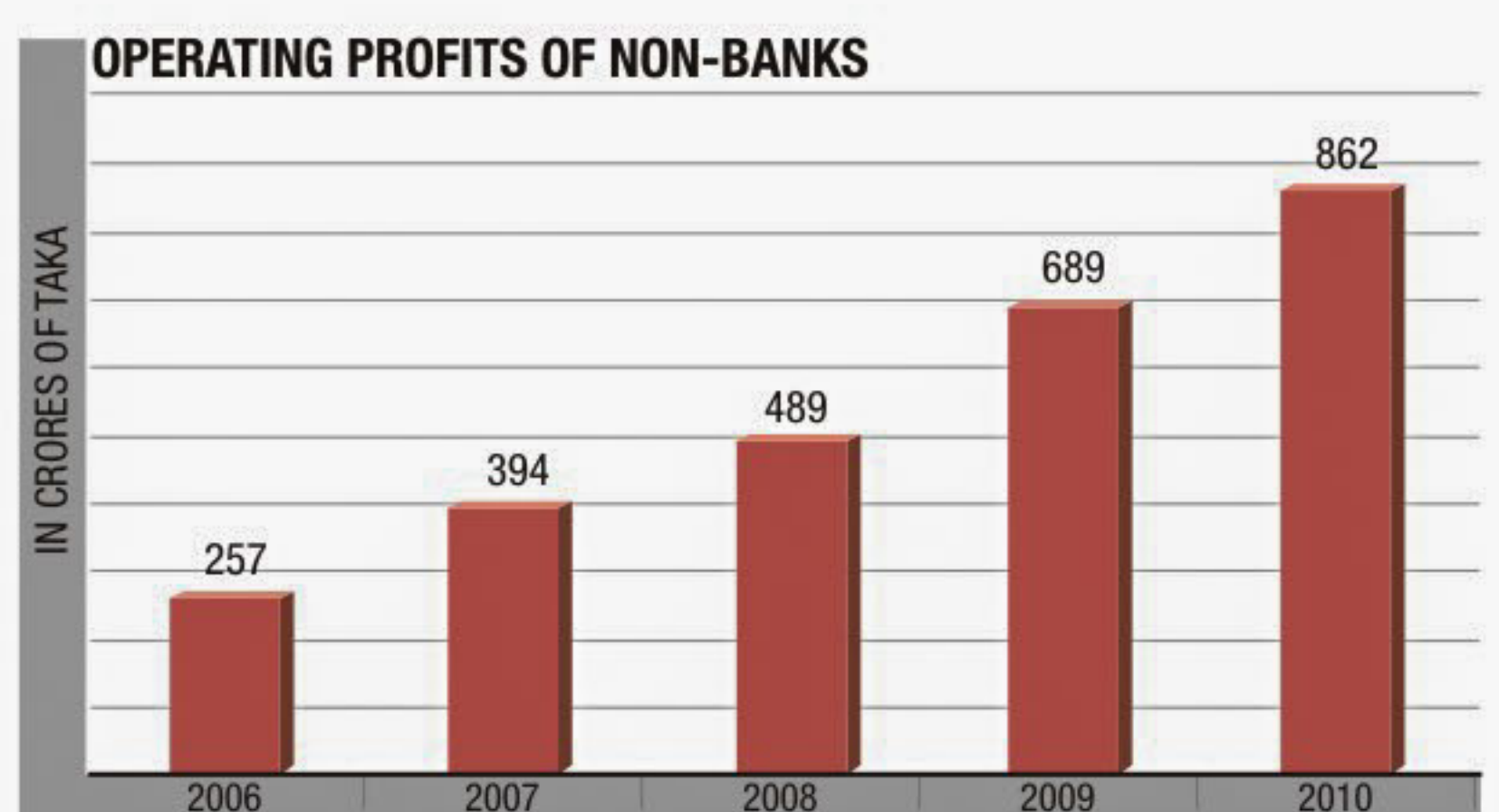
NBFIs recorded 25 percent growth in operating profits in 2010, statistics show. On average, 60 percent of the profits were generated through the capital market operations alone. Some institutions earned as high as 80-90 percent of their profits from the stock business.

"This is alarming that non-banks are earning a majority of their profits from the capital market, which is not their core business," said Mafizuddin Sarker, president of Bangladesh Leasing and Finance Companies Association (BLFCA). But he said it was "very natural and happened automatically".

Sarker, also the managing director of LankaBangla Finance, said NBFIs had no alternative avenue for investment other than stockmarket as the energy crisis slowed demand for industrial loans.

Twenty-nine non-bank financial institutions are operating in the market and 21 of them are listed on the stockmarket.

All these 29 NBFIs made combined operating profits worth Tk



862 crore in 2010, 25 percent more than the profit in 2009. Their operating profits were only Tk 489 crore in 2008.

But all the companies did not make equal profits from the stockmarket, according to industry insiders.

IDLC, LankaBangla and Prime Finance, which are the market leaders in terms of business size, made most of their profits from the capital market operations. Companies such as United Leasing and Uttara Finance pocketed the least from stockmarket business.

High concentration of NBFIs in the capital markets has been shrinking their exposure to the core business, such as lease financing.

"Lease financing has come down

to 40 percent of total business in 2010 from 55 percent a year ago," said the BLFCA president. But he blamed the decline of lease financing on withdrawal of depreciation allowance in 2007.

Sensing increasing restrictions on NBFIs' exposure to the stockmarket, the companies are now thinking of alternative windows for income.

"Small and medium enterprises and housing sector could be the potential areas to sustain our business growth," said Sarker.

LankaBangla has set a target to lend Tk 100 crore to small and medium enterprises and another Tk 125 crore to the housing sector in 2011, he said.

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NBR beats target for revenue receipts

STAR BUSINESS REPORT

The National Board of Revenue has achieved a big success in revenue receipts, 27 percent or around Tk 3,000 crore more than the target, in the first six months of current fiscal year.

If the trend continues, NBR will be able to realise more revenues than the target at the end of the current fiscal year, said NBR Chairman Nasiruddin Ahmed.

During July-December, the revenue administrator collected Tk 33,550 crore in revenues, up from Tk 26,394 crore in the same period of the previous fiscal year.

The body set a target to gather Tk 72,590 crore in revenues in fiscal 2010-11, which was fixed at Tk 30,720 crore for the first six months.

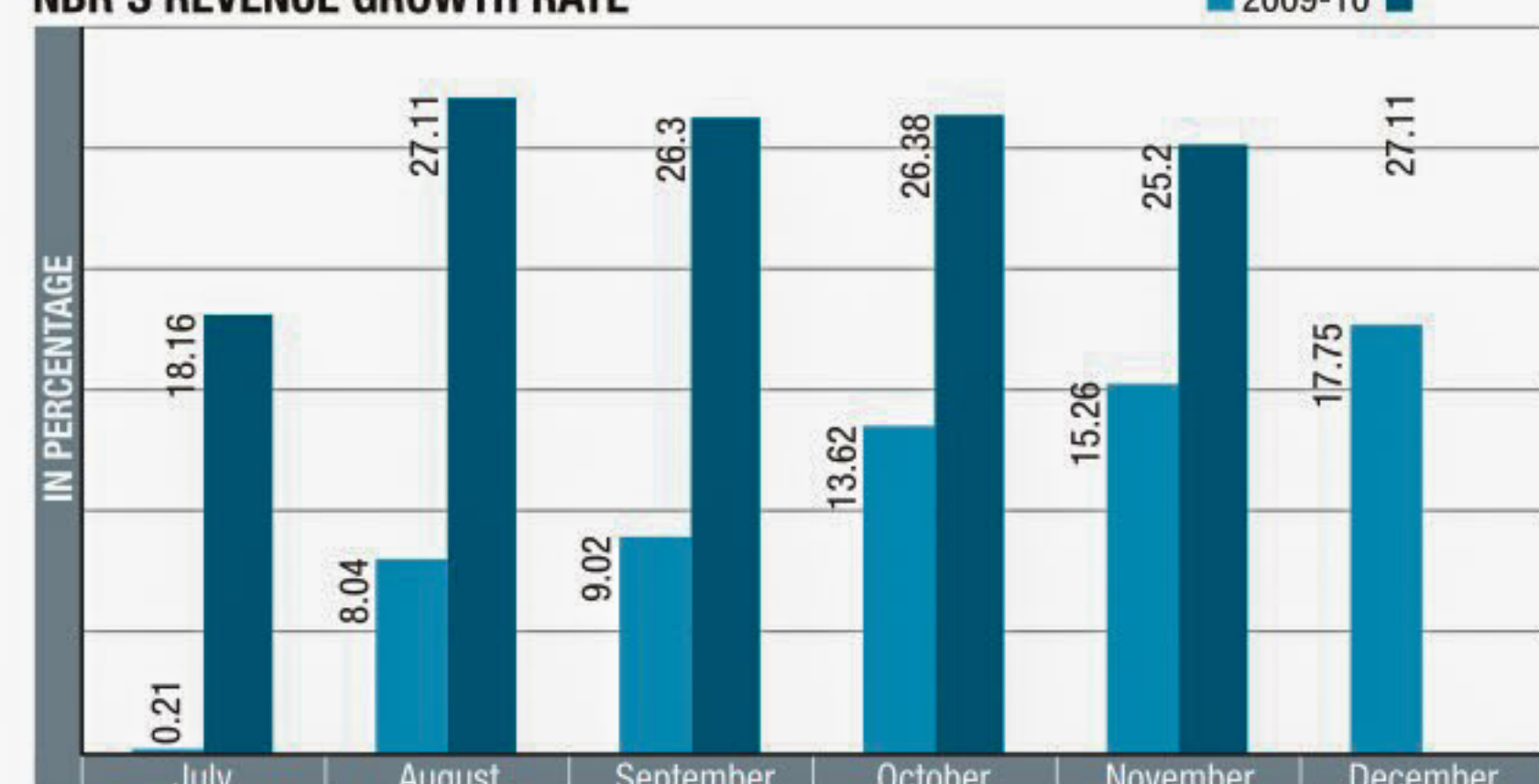
Ahmed disclosed the information at a press meet at its conference room in Dhaka yesterday.

The revenues collected from income taxes saw a growth of 34 percent, the highest this time. Realisation of value-added-tax (VAT) increased by 34 percent at local level while the collection went up 27 percent at import level.

"The higher the income tax collection the more it contributes to build a society," the chairman said.

"It was the result of NBR's sincere efforts." He said NBR officials are no more confined to office-based duty

NBR'S REVENUE GROWTH RATE



and frequently go on field trips that lessened fears among taxpayers. "It boosted revenue collections," he said.

He also said the tax collection process had been made simpler. The electronic tax collection has been introduced in many cases. These actually helped the organisation collect the revenues at all levels, he added.

The NBR has taken many people-based programmes this time, which helped increase the number of income tax returns submissions, said NBR member Basir Uddin Ahmed.

The number of submissions as of December 2010 was 9.83 lakh, up from 7.72 lakh in the same-year-ago period, he said.

NBR's income tax policy member Aminur Rahman said the target for revenue earnings from the sector will

not fall short despite a recent fall in the share market.

NBR made the tax projection from the share market anticipating a daily transaction of Tk 1,500 crore. The average daily transaction will maintain the projected rate, regardless of a decrease in transactions in recent times, Rahman added.

Another NBR member, Farid Uddin, said: "In future we will attach highest emphasis to income tax." Mentioning the NBR team's recent visit to South Africa, he said only 4 percent of the tax comes from import level and 24 percent from VAT. "Income tax provides the rest."

NBR member (customs) Hussain Ahmed said the tenure of pre-shipment inspection system has been extended to December 2012. The appointment of a new company is now under process, he said.

NBR rules out black money role in market plunge

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has refuted the allegation that the offer of the tax administrator to whiten 'black money' has resulted in an overheated capital market.

"Shares held by individuals were only 35 percent. I don't think that their investment took the market to such a pass," said NBR Member Aminur Rahman at a press conference in Dhaka yesterday.

The press meet was organised to show the revenue collection performances of the NBR in the first six months of the current fiscal year. Chairman Nasiruddin Ahmed presented the revenue information.

Capital market analysts said the market was overpriced and ultimately crashed as the opportunity to whiten black money was there.

Had the government imposed capital gain tax at individual level strictly, many would not have crowded the stockmarket, they also said.

Rahman said the tax administrator did not allow any scope to whiten black money in the current fiscal year. He said:

"The institutional buyers constituted 65 percent of the lot and the rest 35 were individual buyers."

He said the individual buyers usually go for small investments. They cannot make the market volatile at their will. "If overpricing occurred, it was due to the institutional buyers."

In the current budget, capital gain tax was imposed for the first time at the company or institutional level, but it was not done at the individual level to encourage the small investors, he said.

Asked whether such tax will be imposed on the individuals in future, the NBR chairman said the government will take a decision on the basis of the opinion of all stakeholders.

In fiscal 2009-2010, the government allowed whitening money in some areas including the stockmarket. In the share market, 296 persons took the opportunity and whitened Tk 427 crore last fiscal year.

But experts said black money is still invested in the stockmarket. If the NBR central intelligence launches a drive, it can unearth who are involved in investing black money in the market, they added.

Petrol pump owners call fresh strike

STAR BUSINESS REPORT

Petrol pump and tank-lorry owners and workers will go on indefinite strike from February 13 to press home their 13-point demand, including a hike in commission on fuel sales.

They demanded the government raise commissions on petrol sales to 7 percent from 2 percent now, set up testing labs at petrol depots, raise tank-lorry fares and make a proper policy for fuel stations.

Petrol Pump and Tank Lorry Owners-Workers Unity Council, an organisation comprising Bangladesh Petrol Pump Owners' Association and Tank Lorry Workers' Federation, called a strike on May last year to press the same demand.

"The government made pledges to resolve the problems at a meeting on May 9 last year, but later did not meet four demands out of the 13," said Nazmul Hoque, convener of the council, in a press briefing yesterday. "Now we have no other option but to call a fresh strike."

Hoque, also the president of Bangladesh Petrol Pump Owners' Association, said security threats are rife at the filling stations, as 196 robberies took place at different pumps across the country in the last eight months.

About 3,700 petrol pumps operate in Bangladesh -- 300 in Dhaka -- employing around nine lakh workers.

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Honda Q3 profit falls

AFP, Tokyo

Honda Motor's net profit for the three months to December fell nearly 40 percent from a year ago as the yen's strength overshadowed cost-cutting



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